DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1970

Including Copies of the Reports of

SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

and

CAMPBELL RED LAKE MINES LIMITED

FOR THE SAME PERIOD

DOME MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1970

ANNUAL MEETING OF SHAREHOLDERS

will be held

at 10:30 o'clock a.m. (Toronto time)

Monday, April 26, 1971,

Library, Royal York Hotel,

TORONTO, ONTARIO

To Canadian Shareholders:

It is the view of the management of the Company that Canadian shareholders are entitled to a depletion allowance of 15% of the dividends received by them from the Company during the year 1970 pursuant to Section 11 of the Income Tax Act and the Income Tax Regulations.

Dome Mines Limited

(Incorporated under the laws of Canada)

LOCATION OF MINE AND HEAD OFFICE

South Porcupine, Ont.
Canada

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre,
Toronto 111, Ont.

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

Crown Trust Company, 302 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

AUDITORS

Clarkson, Gordon & Co. — Toronto 111, Ont.

VICE-PRESIDENT AND GENERAL MANAGER

Charles P. Girdwood

GENERAL SUPERINTENDENT — South Porcupine

Arthur D. Robinson

DOME EXPLORATION (CANADA) LIMITED

360 Bay Street, Suite 702, Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre,
Toronto 111, Ont.

DIRECTORS

Clifford W. Michel	New York, N.Y.
F. Warren Pershing	New York, N.Y.
A. Bruce Matthews	Toronto, Ont.
James B. Redpath	Toronto, Ont.
William F. James	Toronto, Ont.
William R. Biggs	New York, N.Y.
Allen T. Lambert	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Charles P. Girdwood	South Porcupine, Ont.

OFFICERS

Clifford W. Michel
Chairman of the Board and Treasurer

James B. Redpath
President

Charles P. Girdwood
Vice-President and General Manager

Bryce R. MacKenzie
Secretary

H. H. Butterman
Assistant Secretary

F. M. Fell
Assistant Secretary

J. E. Alexander
Assistant Secretary

E. J. Andrecheck
Assistant Treasurer

A. D. Robinson
General Superintendent

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	Parent Company 1970	Parent Company 1969
Tonnage Milled	690,400	705,500
Ounces Gold Produced	180,586	179,661
Average Price of Gold per ounce	$36.51	$37.69
Value of Bullion	$ 6,664,437	$ 6,851,944
Operating Costs	$ 7,432,266	$ 7,691,592
Net Income (excluding equity in undistributed earnings of subsidiary companies)	$ 3,061,421	$ 3,270,455
Net Income per share (excluding equity in undistributed earnings of subsidiary companies)	$1.57	$1.68
Net Income (including equity in undistributed earnings of subsidiary companies)	$ 3,182,911	$ 3,800,774
Net Income per share (including equity in undistributed earnings of subsidiary companies)	$1.64	$1.95
Current Assets	$12,514,465	$11,277,702
Current Liabilities	$ 981,683	$ 987,025
Working Capital	$11,532,782	$10,290,677
Investments	$24,723,066	$24,314,701
Number of Shareholders — December 31	6,092	6,063
Dividends Declared	$ 1,557,335	$ 1,557,335
Dividends declared per share	$0.80	$0.80
Shares Issued	1,946,668	1,946,668

	Principal Subsidiary Companies	
Sigma Mines (Quebec) Limited (63% owned by Dome) Net Income	$ 264,991	$ 330,983
Campbell Red Lake Mines Limited (57% owned by Dome) Net Income	$ 1,942,193	$ 2,899,927

REPORT OF THE DIRECTORS

of

Dome Mines Limited

(For the Financial Year Ended December 31, 1970)

Toronto, Ontario,
February 24, 1971.

To the Shareholders of
Dome Mines Limited:

On behalf of your Directors, the Chairman and President are pleased to submit their joint report covering the financial year ended December 31, 1970. This report includes the Balance Sheet and Statements of Income and Earned Surplus which consolidate your Company's interests in its subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. In order to compare with previous Annual Reports, we include as heretofore, the parent Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds. All these statements are certified by the Auditors of the Company. Our Report also includes the Report of the General Manager and the Report of the President of Dome Exploration (Canada) Limited, our exploration subsidiary.

Consolidated Net Income aggregated $3,182,911, or $1.64 per share as compared with $3,800,774 or $1.95 per share in 1969. From these earnings, dividends of 80¢ per share were declared during the year.

The decline in net income is primarily due to the freeing of the Canadian dollar and the resultant loss to us of the premium on the United States dollar, as all gold sales are based on U.S. dollars. In addition, lower average world gold prices in 1970 had their effect on the earnings of our subsidiary, Campbell Red Lake Mines Limited which sells its gold on the free market. Other factors were greater expenditures on outside exploration and substantially increased costs at Campbell Red Lake Mines where a major shaft deepening program has been undertaken.

In spite of greatly increased exploration expenditures including oil exploration in the Arctic Islands through our participation in Panarctic Oils Ltd., consolidated working capital was increased by $1,502,934 to a total of $20,974,542.

Your Company's ownership in its affiliate, Dome Petroleum Limited is equivalent to 18% on the basis of stock owned, or 22% if the 5% Subordinated Income Debentures held by Dome Mines and its subsidiaries, were converted into common stock. The 595,000 shares owned by Dome Mines before conversion of Debentures, had a market value of $48,641,000 based on the 1970 closing bid price on the Toronto Stock Exchange compared with a cost value of $3,206,000. Unaudited financial figures show net income of Dome Petroleum for the year 1970 as $9,900,000, an increase of 18% from the $8,387,000 in the previous year. During the year, Dome Petroleum completed a farm-out with Columbia Gas Development Corporation whereby Columbia agrees to spend $30 million over the next three years in exploration of Dome Petroleum's non-producing oil and gas acreage. Subsequently, $30 million is to be spent by Dome Petroleum to make a combined $60 million exploration project. Dome Petroleum will manage the venture and will retain a 92½% interest in the farm-out lands as well as any new lands acquired for this project. Our affiliate also continues to hold its 4.06% stock interest in Panarctic Oils Ltd., which is currently exploring and drilling for oil on the Arctic Islands. The Canadian Government continues its 45% interest in Panarctic Oils and it is of interest to note that Dome Mines and its subsidiaries continue their 1.36% interest in this project. Dome Petroleum has also completed the construction of the initial phase of their integrated natural gas liquids system and expect that the second and larger phase will be completed by the end of 1971.

The Annual Reports of our two major subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited are bound with this report. Campbell's costs are such that it does not receive benefits under Cost Aid, and under these circumstances its gold is sold on the free market. As the free market price is always expressed in U.S. dollars it follows that Campbell's profits were adversely affected by the freeing of the Canadian dollar. In spite of this and heavy shaft sinking charges, Campbell's dividends continue to provide the largest single source of income to the parent Company. The net income of Sigma declined from $330,983 to $264,991 in the face of continuing inflationary pressures. The shares of Campbell had a market value of $60,158,000 and a cost value of $1,332,000; Sigma had a market value of $1,877,000 and a cost value of $732,000, both based on the 1970 closing bid price on the Toronto Stock Exchange.

The benefits of the Emergency Gold Mining Assistance Act are vital to the continued operation of the Dome Mine and of the Sigma Mine, and generally of the greater part of the Canadian gold mining industry. In mid-year, the Government announced that E.G.M.A. would be continued for an additional 2½ years, that is to June 30, 1973. Benefits under the Act would continue virtually unchanged during this period. At the same time it was announced that the Act would be extended for an additional 2½ years, that is to December 31, 1975, under conditions to be announced at a later date.

The Emergency Gold Mining Assistance Act will not stop the decline of the gold mining industry in the face of ever rising costs of labour and materials. It is of great assistance in keeping at least part of the industry alive and its supporting dependent communities until such time as we receive a more realistic price for gold.

The scope of the mineral exploration program was again increased with the costs pro rated between our affiliate company, Dome Petroleum Limited, and our subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. This arrangement initiated as of January 1, 1969, spreads the costs and benefits as follows: Dome Mines Limited 40%, Campbell Red Lake Mines Limited 21%, Sigma Mines (Quebec) Limited 6%, and Dome Petroleum Limited 33%. Projects initiated under the previous agreement will remain unchanged in the degree of participation of the parent Company and the two subsidiaries. Exploration projects are reviewed on page nineteen of this report.

The largest part of your Company's holdings in Mattagami Lake Mines Limited and Canada Tungsten Mining Corporation Limited were acquired as a result of previous mineral exploration projects. Mattagami Lake Mines holding a 62½% interest in a zinc refinery at Valleyfield, Quebec which is operated by Canadian Electrolytic Zinc Limited, paid dividends of $1.50 per share which resulted in revenue to Dome Mines of $583,000 in 1970.

Mattagami has announced that its 60% owned base metal deposit in the Sturgeon Lake area, Mattabi Mines Limited is being brought to production as rapidly as possible.

Canada Tungsten Mining Corporation had a satisfactory year and with the establishment of a strong working capital position was able to declare an interim dividend of 10¢ per share payable at the end of the year.

Your Company made modest increases in its holdings of both Mattagami and Canada Tungsten during the year.

Your Company awaits with concern the announcement of the new Federal tax proposals, which the government will introduce this year. With regard to taxation of the mining industry we can only hope that the Federal Government will be influenced by the Provincial Governments and by the mining industry in its plea that taxes not be changed to a point where the industry is forced to decrease its part in the Canadian economy over the long term future.

In the Report of the General Manager, it is pointed out that lack of skilled and unskilled labour resulted in an actual decrease of throughput in the last quarter of 1970. It seems paradoxical and regrettable that this condition should prevail during a period of severe unemployment.

In our report to you last year we noted that under the "two-tier" gold price system that was established under the International Monetary Fund auspices in 1968, a case could be made for a gradual uptrend in the free market price of gold. We believed this trend could not commence until the private speculative "overhang" created during the 1968 gold crisis had been absorbed and until South Africa was again permitted, as it has been, to sell part of its current annual production to the IMF at the official $35 price, when it does not use the free market. From a low of $35 per ounce early in the past year, free market prices moved up to over $39 in October and closed the year at $37.33. The upward trend we anticipate will certainly be an erratic one, but in the inflationary environment that exists throughout the world, the free market price is likely to remain above the official price. Equally important in weighing this trend is the fact that official stocks of gold in the IMF and central banks have increased by almost $1 billion since the introduction in 1968 of the "two-tier" system, indicating that the large industrial nations do consider gold an essential part of their ultimate reserve assets. Until and unless the United States reduces its Balance of Payment deficits, of which no evidence has yet appeared, the "surplus countries" are not likely to accept a United States dollar standard alone which permits the inflation existing in that country to be exported to their economies. Evidence of this was found in Germany's up-valuation of its currency and in Canada's permitting its exchange rate to "float" from a rate fixed at 92½¢ to a present rate close to parity.

Your Directors wish to take this opportunity to acknowledge and thank the management and staff for their effective planning and supervision and also their appreciation of the loyal service rendered by all employees.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

DOME MINE

(Incorporated und

BALANCE SHEETS

(with comparative figur

ASSETS

	Parent Company		Consolidated	
Current Assets:	**1970**	**1969**	**1970**	**1969**
Cash, including bank term deposits	$ 2,357,383	$ 1,995,601	$ 4,010,410	$ 2,773,507
Bullion on hand and in transit, at net realizable value	470,627	550,440	1,123,921	1,506,815
Short term commercial paper, at cost	5,628,741	3,230,530	11,951,726	7,131,738
Marketable securities (schedule attached) (note 2)	2,172,937	3,419,037	3,066,438	7,349,803
Accounts receivable (note 3)	853,695	1,019,621	1,055,902	1,116,026
Mining and milling supplies, at cost	984,457	1,000,680	2,100,171	2,053,194
Deposits and prepaid expenses	46,625	61,793	71,921	110,295
	12,514,465	11,277,702	23,380,489	22,041,378
Investments (schedule attached) (note 2):				
Subsidiary companies	8,516,859	8,395,369		
Other	16,206,207	15,919,332	19,412,666	19,131,589
	24,723,066	24,314,701	19,412,666	19,131,589
Capital Assets:				
Buildings, machinery and equipment, substantially at cost	6,989,403	6,953,184	18,483,118	18,269,077
Less accumulated depreciation	6,740,187	6,679,074	17,221,097	16,948,896
	249,216	274,110	1,262,021	1,320,181
Mining claims and properties, at cost less amounts written off (note 5)	1	1	727,798	732,154
	249,217	274,111	1,989,819	2,052,335
	$37,486,748	$35,866,514	$44,782,974	$43,225,302

(See accompanying not

AUDITOR

To the Shareholders of
Dome Mines Limited:

We have examined the balance sheets of Dome Mines Limited, parent company, and of Dome Mines Limited and its subsidiary companies consolidated, as at December 31, 1970 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

S LIMITED

the laws of Canada)

DECEMBER 31, 1970

at December 31, 1969)

LIABILITIES

	Parent Company		Consolidated	
	1970	1969	1970	1969
Current Liabilities:				
Salaries and wages payable	$ 269,434	$ 264,646	$ 472,144	$ 464,290
Accounts payable	155,231	149,451	475,740	419,636
Accrued charges	167,684	183,594	287,708	260,211
Accrued taxes			549,017	699,102
Dividends payable	389,334	389,334	621,338	726,531
	981,683	987,025	2,405,947	2,569,770
Deferred income taxes			70,000	60,000
Minority interest in subsidiary companies			5,801,962	5,716,043
Capital and Surplus:				
Capital —				
Authorized:				
2,000,000 shares of no nominal or par value				
Issued:				
1,946,668 shares	7,000,000	7,000,000	7,000,000	7,000,000
Paid-in surplus (no change during year)	3,606,389	3,606,389	3,606,389	3,606,389
Earned surplus	25,898,676	24,273,100	25,898,676	24,273,100
	36,505,065	34,879,489	36,505,065	34,879,489
	$37,486,748	$35,866,514	$44,782,974	$43,225,302

On behalf of the Board:

J. B. REDPATH, Director

B. R. MacKENZIE, Director

to financial statements)

REPORT

In our opinion these financial statements present fairly the financial position of Dome Mines Limited and of that company and its subsidiary companies consolidated, as at December 31, 1970, the results of their operations and the source and application of their funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 28, 1971.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Dome Mines Limited

STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1970
(with comparative figures for the year 1969)

	Parent Company		Consolidated	
	1970	1969	1970	1969
Revenue:				
Bullion	$6,664,437	$6,851,944	$16,731,832	$17,820,892
Expenditures:				
Development	826,986	1,019,288	*2,293,381	2,201,066
Mining	4,969,282	5,120,936	8,819,684	8,706,215
Reduction	1,055,776	1,017,258	2,433,499	2,330,421
Refining and marketing	50,356	47,663	138,186	132,303
General and administrative	428,811	420,297	1,101,576	1,034,077
Taxes other than income	101,055	66,150	229,412	138,149
	7,432,266	7,691,592	15,015,738	14,542,231
Less credit under the Emergency Gold Mining Assistance Act	1,490,000	1,615,000	2,402,000	2,488,400
	5,942,266	6,076,592	12,613,738	12,053,831
	722,171	775,352	4,118,094	5,767,061
Deduct:				
Provision for depreciation (note 4)	97,797	115,202	354,201	374,634
Provision for tax under Provincial Mining Tax Acts			377,600	590,000
	97,797	115,202	731,801	964,634
Operating profit	624,374	660,150	3,386,293	4,802,427
Add other income:				
Equity in earnings of subsidiary companies (including dividends received: 1970 — $1,146,654; 1969 — $1,322,713)	1,268,144	1,853,032		
Other dividends	843,347	735,760	843,347	735,760
Interest on Dome Petroleum Limited income debentures	600,000	600,000	750,000	750,000
Other interest, etc. (note 6)	558,153	545,175	1,161,780	1,066,934
Gain (loss) on disposal of investments (note 6)	165,692	(26,615)	166,631	(6,517)
	4,059,710	4,367,502	6,308,051	7,348,604
Deduct outside exploration expenses	791,799	511,728	1,071,100	738,159
Income before provision for income taxes	3,267,911	3,855,774	5,236,951	6,610,445
Provision for income taxes:				
Current	85,000	70,000	1,105,000	1,474,793
Deferred		(15,000)	10,000	(43,000)
	85,000	55,000	1,115,000	1,431,793
	3,182,911	3,800,774	4,121,951	5,178,652
Minority interest in income of partially-owned subsidiary companies			939,040	1,377,878
Net income for the year	$3,182,911	$3,800,774	$ 3,182,911	$ 3,800,774
Net income per share			$1.64	$1.95

* Includes shaft sinking expenditures of a subsidiary in the amount of $413,800.

(See accompanying notes to financial statements)

Dome Mines Limited

STATEMENTS OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1970

(with comparative figures for the year 1969)

	Parent Company		Consolidated	
	1970	1969	1970	1969
Balance, January 1	$24,273,100	$22,029,661	$24,273,100	$22,029,661
Add net income for the year	3,182,911	3,800,774	3,182,911	3,800,774
	27,456,011	25,830,435	27,456,011	25,830,435
Deduct dividends declared of 80¢ per share comprising four quarterly dividends of 20¢ each	1,557,335	1,557,335	1,557,335	1,557,335
Balance, December 31	$25,898,676	$24,273,100	$25,898,676	$24,273,100

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1970

(with comparative figures for the year 1969)

	Parent Company		Consolidated	
Source of funds:	1970	1969	1970	1969
Operations —				
Net income for the year	$ 3,182,911	$ 3,800,774	$ 3,182,911	$ 3,800,774
Depreciation	97,797	115,202	354,201	374,634
Increase (decrease) in deferred income taxes		(15,000)	10,000	(43,000)
Equity in undistributed earnings of subsidiary companies	(121,490)	(530,319)		
Minority interest in income of subsidiaries less dividends paid			85,919	400,841
Total	3,159,218	3,370,657	3,633,031	4,533,249
Application of funds:				
Dividends	1,557,335	1,557,335	1,557,335	1,557,335
Expenditures on capital assets (net)	72,903	109,804	291,685	523,437
Increase (decrease) in other investments	286,875	(35,006)	281,077	(71,385)
Total	1,917,113	1,632,133	2,130,097	2,009,387
Net increase in working capital for year	1,242,105	1,738,524	1,502,934	2,523,862
Working capital, January 1	10,290,677	8,552,153	19,471,608	16,947,746
Working capital, December 31	$11,532,782	$10,290,677	$20,974,542	$19,471,608

(See accompanying notes to financial statements)

Dome Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS
DECEMBER 31, 1970
(with comparative figures at December 31, 1969)

	Par value or number of shares	Book value (note 2) 1970	Book value (note 2) 1969
Marketable Securities:			
Parent company —			
Government and government guaranteed short term securities ($1,400,000 par value in 1969)	$ 150,000	$ 149,850	$ 1,395,950
Cities Service Company, common shares	80,000	2,023,087	2,023,087
		2,172,937	3,419,037
Subsidiary companies —			
Government and government guaranteed short term securities ($3,441,500 par value in 1969)	$ 146,000	145,751	3,433,016
Corporate bonds ($500,000 par value in 1969)	$ 750,000	747,750	497,750
Consolidated		$ 3,066,438	$ 7,349,803
(Quoted market values of above "Marketable Securities": 1970 — parent company $3,822,000, consolidated $4,693,000; 1969 — parent company $4,796,000, consolidated $8,607,000)			
Subsidiary Companies:			
Parent company (note 2) —			
Campbell Red Lake Mines Limited (57% owned — cost $1,331,595)	2,270,105	$ 6,291,493	$ 6,210,657
Sigma Mines (Quebec) Limited (63% owned — cost $731,764)	625,536	2,200,366	2,159,712
Dome Exploration (Canada) Limited (100% owned)	250	25,000	25,000
		$ 8,516,859	$ 8,395,369
Other Investments:			
Parent company —			
Dome Petroleum Limited:			
5% subordinated convertible income debentures due May 15, 1988	$12,000,000	$12,000,000	$12,000,000
Shares	595,000	3,206,543	3,206,543
Canada Tungsten Mining Corporation Limited:			
6% income debentures due in 1971			389,136
Shares (698,164 shares in 1969)	800,000	193,438	1
Mattagami Lake Mines Limited:			
Shares (380,000 shares in 1969)	400,000	806,225	323,651
Sundry		1	1
		16,206,207	15,919,332
Subsidiary companies —			
Dome Petroleum Limited:			
5% subordinated convertible income debentures due May 15, 1988	$ 3,000,000	3,000,000	3,000,000
Local school and municipal debentures ($28,500 par value in 1969)	$ 25,000	24,861	28,361
Sundry		181,598	183,896
Consolidated		$19,412,666	$19,131,589

(Quoted market values of above "Other Investments" including debentures at their respective par or book values:
1970 — parent company $71,701,000, consolidated $74,941,000;
1969 — parent company $79,314,000, consolidated $82,565,000)

(See accompanying notes to financial statements)

Dome Mines Limited

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1970

1. Principles of consolidation

The consolidated financial statements include the accounts of the wholly-owned subsidiary, Dome Exploration (Canada) Limited and the two partially-owned subsidiaries, Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).

2. Investments

Investments in subsidiary companies are carried at cost in the books of the company, but are adjusted to the equity basis in the accompanying financial statements. Accordingly, the carrying value of these investments in the balance sheet of the parent company, unconsolidated, reflects the company's share of undistributed earnings of the subsidiaries since acquisition and the statement of income of the parent company, unconsolidated, reflects the company's equity in the earnings of the subsidiaries for the year.

Marketable securities and other investments are carried at cost except for (a) shares acquired as a result of development work (which are carried at nominal value), and (b) certain other investments which are carried at cost less amounts written off.

3. Accounts receivable

	Parent Company		Consolidated	
	1970	1969	1970	1969
Dividends receivable from subsidiary companies	$ 317,940	$ 462,722		
Estimated amount receivable under the Emergency Gold Mining Assistance Act	319,414	321,255	$ 647,735	$ 624,535
Accrued interest	155,957	131,155	296,137	310,644
Other (including taxes recoverable)	60,384	104,489	112,030	180,847
	$ 853,695	$1,019,621	$1,055,902	$1,116,026

4. Depreciation

Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

5. Mining claims and properties

The amounts shown for mining claims and properties are made up as follows:

		1970	1969
Dome Mines Limited —			
Mining claims and properties, at nominal value		$ 1	$ 1
Sigma Mines (Quebec) Limited —			
Mining claims and properties, at nominal value	1		
Leasehold properties, at cost	21,500	21,501	21,501
Campbell Red Lake Mines Limited —			
Mining claims and properties, acquired for 1,277,500 shares issued at (with no deduction for ore mined)	197,500		
Excess of cost of Dome's investment in shares of Campbell over underlying book values at date of acquisition	404,539		
Townsite land, at cost	104,257	706,296	710,652
		$ 727,798	$ 732,154

6. **Account reclassification**

Gains and losses on disposals of investments which were previously included in "other interests etc." have been shown separately in 1970 and the 1969 comparative figures have been reclassified accordingly.

7. **Directors and officers**

The aggregate remuneration of the directors and officers of Dome Mines Limited and its subsidiaries as defined in section 120B(2) of the Canada Corporations Act was as follows:

Dome Mines Limited	
To nine directors, as directors	$ 24,750
To ten officers (four of whom are also directors)	$ 123,772
Sigma Mines (Quebec) Limited	
To seven directors, as directors	Nil
To the seven officers (four of whom are also directors)	$ 53,089
Campbell Red Lake Mines Limited	
To five directors, as directors	$ 2,000
To the eight officers (three of whom are also directors)	$ 64,390
Dome Exploration (Canada) Limited	Nil

The above amounts include remuneration aggregating $23,085 which was paid in 1970 but charged to operations in 1969.

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

I submit for your consideration this report on the operations of your Company during the year 1970.

During the year 690,400 tons of ore were treated in the mill. In the course of mining operations 22,400 tons of waste rock were excavated, most of which was used as backfill or placed on surface stock-piles.

The 690,400 tons of ore milled yielded 180,586 ounces of gold, the yield being 0.2616 ounces, or 5.23 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was $36.51 per ounce compared to $37.69 per ounce for the previous year.

COSTS:

The expenditure on development was $826,986 or $1.20 per ton as compared with $1,019,288 or $1.44 per ton milled in 1969.

The expenditure on mining was $4,969,282 or $7.20 per ton as compared with $5,120,936 or $7.26 per ton milled in 1969.

The total operating charges for the year were $7,432,266 or $10.77 per ton as compared with $7,691,592 or $10.90 per ton milled in 1969.

The operating cost per ounce of gold produced was $41.16 as compared with $42.81 in 1969.

DEVELOPMENT:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1970

Level	Drifts	Cross-cuts	Drift and Cross-cut Slab	Raises	Boxholes	Raise and Boxhole Slab	Totals	Diamond Drilling (Exploration & Direction of Mining)
Surface								
1st								
3rd								
4th								
5th								
6th	304	40	56				400	6,978
7th	20						20	6,687
8th	118		24	155	103	65	465	8,310
9th	29		38				67	4,561
10th	386		38	591	78	122	1,215	3,730
11th	20		11		34	35	100	
12th	260	376	160	50	63	55	964	1,652
13th			6	165	133	156	460	737
14th				52		1	53	152
15th								
16th			18		32	15	65	2,480
17th				23		16	39	1,265
18th	33		13	492		38	576	9,532
19th	202	79	16	594	245	186	1,322	3,747
20th			1		130	31	162	3,057
21st			9	254		259	522	3,175
22nd			7	96	170	52	325	2,761
23rd	193		24	287	30	109	643	7,625
24th		104	85	10	270	171	640	6,540
25th	210	559	97	434	291	177	1,768	6,075
26th			8	283	274	107	672	1,024
27th			1		25	10	36	635
28th								
29th			10			18	28	1,540
30th								
31st		155	20	127	22	25	349	3,427
32nd		107	14	172	125	84	502	627
33rd								
34th			8	105	20	30	163	
35th			1	67	38	16	122	
36th								
37th	20	301	35				356	3,587
TOTALS	1,795	1,721	700	3,957	2,083	1,778	12,034	89,904

Development work amounted to 12,034 feet which compares with 16,686 feet in the previous year. The figures for 1970 include 583 feet of lateral development at No. 7 shaft compared to 2,819 feet in 1969. Development work below the sixteenth level was 8,225 feet as compared with 13,073 feet in the previous year. The total of 89,904 feet of core diamond drilling compares with the total of 79,626 feet in 1969.

MINING:

The 690,400 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes	652,100	5.53
From development	38,300	2.98
	690,400	5.39

The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per Ton	
8th level to surface, No. 3 shaft	26,820	6.43	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft	193,780	6.54	Dev. & Stope Ore
Area serviced by No. 6 internal shaft	431,572	4.88	Dev. & Stope Ore
Area serviced by No. 7 internal shaft	38,228	4.50	Dev. & Stope Ore
Total Mine	690,400	5.39	Dev. & Stope Ore
Ore from Ankerite veins (included in the above)	209,926	4.90	Dev. & Stope Ore

ORE RESERVES:

Ore reserves at the close of the year were estimated at 1,685,000 tons with an average grade of 5.63 dwt. as compared with 1,819,000 tons with an average grade of 5.41 dwt. for 1969.

	Tons — 1970	Tons — 1969
Unbroken ore	1,573,000	1,654,000
Broken ore	112,000	165,000
	1,685,000	1,819,000

Ankerite ore comprises 30% of the reserves. This ore is more refractory to the milling process than the normal ore in the mine.

MILL:

Following are the milling results:

Tons of ore treated	690,400 tons
Average tons per day worked	1,945 tons
Average grade of ore treated	5.39 dwt. per ton
Recovery	5.23 dwt. per ton
Recovery percentage	97.13%

CAPITAL EXPENDITURE:

The details of changes in plant buildings and equipment are as follows:

Additions:	
Mine equipment	$ 63,149
Reduction equipment	Nil
Surface equipment	9,883
	$ 73,032
Less net book value of retirements	129
Net increase	$ 72,903

GENERAL:

In the year under review there was no abatement of inflationary pressures which, combined with a reduction of 3.1% in the average price received for gold due to the unpegging of the Canadian dollar on June 1st, resulted in lower Net Income. The full impact of these factors was modified by the beneficial effect of the changes in mining methods of recent years allowing relatively normal operations with a lower work force. In spite of increased wages and employee benefits, higher Ontario Hydro rates, municipal taxes, supplies and transportation charges, operating costs were reduced; total and unit costs decreased $259,326 and 13¢ per ton respectively. Operating costs per ounce of gold produced decreased 3.9% to $41.16.

The application of long-hole mining and use of load-haul-dump units, both air and diesel powered, was expanded during the year; however, these methods are applicable to only a limited number of orebodies. An

increasing amount of ore is being obtained from zones adjacent to old workings which have been stabilized by filling with hydraulic backfill. The following tabulation is of interest to illustrate the various mining methods employed and the increasing importance of long-hole mining:

Source of Ore	Tonnage				% of Ore Milled			
	1970	1969	1968	1967	1970	1969	1968	1967
Cut-and-fill stopes	412,000	486,900	503,700	499,300	59.7	69.0	70.7	70.4
Shrinkage stopes	89,400	69,800	48,100	79,500	13.0	9.9	6.7	11.2
Long-hole stopes	150,700	92,900	65,600	42,300	21.8	13.2	9.2	6.0
Development ore	38,300	55,900	95,500	87,700	5.5	7.9	13.4	12.4
Totals	690,400	705,500	712,900	708,800	100.0	100.0	100.0	100.0

It will be noted from the tabulation on page 14 that development work was further curtailed and total footage decreased 28%. This reduction was due not only to the shortage of experienced miners and the requirements of extra sub-level drifts for long-hole stope preparation, but also to the shortage of new ore zones for development throughout the mine. Most of the favourable geological structures have now been tested by long exploratory drives and diamond drill holes. With rising costs and a lower price for gold it requires progressively higher grade material as ore; the result is that gold bearing rock, formerly classed as ore, which is far removed from the shafts and mine workings may not be economic to mine under present conditions. At No. 7 shaft, ankerite ore is being mined between the 30th and 34th levels at depths to 4,600 feet from surface. Due to the narrow veins and considerably higher mining costs at these depths, where ventilation is a major problem, only very selective mining is found to be economic and tonnages are small. Additional ore continues to be found in the No. 3 and No. 6 shaft areas, mostly adjacent to ore mined over 25 years ago, but not in sufficient quantity to replace that being mined. It is of interest to note that 26,820 tons of ore averaging 6.43 dwt. per ton, or 4% of the tonnage milled, was produced above the 8th level. The increase of 13% in diamond drill footage was for general exploration throughout the mine and closely-spaced drilling to outline orebodies prior to the detailed layouts required for long-hole mining.

Reclassification of ore zones for reserve purposes depending upon the mining method to be employed, mentioned in recent annual reports, had a further impact on reserves during the year; after milling 690,400 tons, ore reserves declined by 134,000 tons or 7%. The grade of reserves increased 0.22 dwt. or approximately 39¢ per ton due mainly to short extensions of the better than mine average grade "fuchsite" vein and a further transfer of low-grade material from reserves.

The lower tonnage milled was due to the labour shortage which was particularly severe during the last quarter of the year. The average of 1,945 tons per day worked is the lowest for several years and is approximately 2% below maximum capacity of the plant. The tonnage surges had a detrimental effect on the mill circuit with the result that recovery decreased 0.17% to 97.13%. Cost of ore reduction increased 9¢ per ton partly due to the lower tonnage milled. Gold production increased 925 ounces and with a reduction of $1.18 in the average price per ounce of gold, bullion value decreased $187,507.

The Gold Mining Industry suffers from a chronic shortage of skilled and unskilled labour due to the severe competition from more highly-paid industries. Few experienced miners are seeking employment and suitable applicants for training are scarce. The on-the-job training program for miners, operated in co-operation with the Department of Labour, has again been approved at Dome by the Ontario and Federal Governments. This program, commencing in May 1966, has continued to provide a pool of partially-trained miners who are readily adaptable to the productive work that mining provides.

The Mining and Mineral Industry is an expansive and dynamic force as a supplier of materials and energy requirements to our growing industrial society and provides a large market for the products of manufacturing and service industries. Each mine plays an important part, not only nationally but even more specifically with regard to the people who live in the community in which the individual operation is located. On the following page, we have again included a summary of this Company's expenditures and location of purchases.

In conclusion, it gives me much pleasure to again record my sincere appreciation for the support and untiring efforts of the heads of departments and staff and the loyal service of employees. I acknowledge also the support and helpful counsel of the Chairman of the Board, the President and the Directors.

Respectfully submitted,

CHARLES P. GIRDWOOD,
General Manager.

South Porcupine, Ontario,
February 22, 1971.

Dome Mines Limited

Total amount of wages and salaries		$4,761,578
Income taxes		85,000
Other taxes (Provincial and Municipal)		103,521
Workmen's Compensation Board of Ontario Assessments		382,987
Unemployment Insurance		49,197
Cost of Dome Pension Plan, Canada Pension Plan, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits		303,172
Total Equipment, Supplies and Services:		
Mine Equipment, Supplies and Services	$1,005,976	
Mill Equipment, Supplies and Services	262,031	
Electric Power	329,557	
General Surface Equipment, Supplies and Services	1,275,041	
Natural Gas Heating	44,048	2,916,653

Principal Cities and Towns in Canada which Benefit

Acton
Agincourt
Ajax
Arnprior

Bala
Balmertown
Barrie
Bathurst
Beachville
Bissett
Bourlamaque
Brandon
Brockville
Burlington
Burnaby

Calgary
Chaput-Hughes
Clarkson
Cobalt
Concord
Cooksville
Copper Cliff
Cornwall
Corunna

Don Mills
Dorval
Downsview
Dryden
Dundas
Dunnville

Edmonton
Elliot Lake

Flin Flon
Fort Erie
Fredericton

Galt
Gananoque
Georgetown
Geraldton
Guelph

Hagersville
Haileybury
Halifax
Hamilton
Hearst
Hudson
Hull

Ingersoll

Joliette

Kamloops
Kapuskasing
Kenora
Kirkland Lake
Kitchener

Lachine
Lachute
La Range
LaSalle
LaSarre
Lac Du Bonnet
Leaside
London

Madsen
Malartic
Malton
Markham
Matheson
Midland
Millbrook

Mississauga
Montreal
Mount Forest

New Liskeard
Newmarket
Niagara Falls
Nobel
Noranda
North Bay
North Vancouver

Oakville
Orillia
Ottawa
Owen Sound

Peterborough
Pickering
Pine Falls
Pointe Claire
Porcupine
Port Credit
Port Elgin
Port Hope
Prince George

Quebec

Redditt
Red Lake
Regina
Rexdale
Richmond Hill
Rouyn
Roxboro

St. Catharines
St. Hyacinthe
St. James
St. Thomas
Savant Lake
Sarnia
Sault Ste. Marie
Scarborough
Schumacher
Senneterre
Sioux Lookout
South Porcupine
Sudbury
Stoney Creek
Sunny Brae
Swastika

Thornbury
Thornhill
Thunder Bay
Timmins
Toronto

Val d'Or
Val Gagne
Vancouver
Vermilion Bay
Victoria
Ville St. Pierre

Walkerville
Watson Lake
Waterloo
West Hill
Weston
Whitefish Falls
Willowdale
Windsor
Winnipeg

Yellowknife

Number of Communities, Companies and Individuals through whom Supplies and Services are Purchased

	Communities	Companies and Individuals
Alberta	2	4
British Columbia	5	5
Manitoba	7	7
New Brunswick	2	5
Northwest Territories	1	1
Nova Scotia	1	4
Ontario	96	339
Quebec	18	64
Saskatchewan	1	3
Yukon Territory	1	3
Great Britain	2	3
United States of America	7	10
	143	448

Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

REPORT OF THE PRESIDENT

Toronto, Ontario,
February 24, 1971.

To the Chairman of the Board and Directors of
Dome Mines Limited:

As approved at the Annual Meeting of Dome Mines Limited in April 1959, all new exploration ventures were to be shared with the subsidiary companies on the following basis:

Dome Mines Limited	60%
Campbell Red Lake Mines Limited	30%
Sigma Mines (Quebec) Limited	10%

Starting January 1st, 1969, Dome Petroleum Limited was included in the joint ventures with respect to new projects on the following basis:

Dome Mines Limited	40%
Dome Petroleum Limited	33%
Campbell Red Lake Mines Limited	21%
Sigma Mines (Quebec) Limited	6%

The effect of this is to allow a substantially enlarged exploration program.

In the following report, where outside partners participate, the term "Dome Group", followed by a percentage figure indicates the amount of participation of either the group of three or four companies of the Dome Group as listed above.

The year 1970 was, once again, an exceptionally active one with exploration expenditures at an all-time high.

The 1970 exploration program involved 16 major projects. In addition, your Group participated in five major exploration ventures with others; this does not include participation in Panarctic which is described in the report of the Directors of Dome Mines Limited. Drilling was carried out on seven of the Group projects and three of the joint ventures.

Several of the exploration programs described below are continuations of programs which started in 1969; eight of the projects will continue on into 1971.

Major endeavours undertaken during the year include five separate airborne E.M. survey projects, two airborne radiometric survey projects, optioning of five properties, participation in the detailed exploration of the property of Clinton Copper Mines Limited in the Eastern Townships of Quebec and further underground exploration of the Denali copper prospect in Alaska. These, and a number of other projects, are described in detail below.

MARITIME PROVINCES AND QUEBEC:

In Newfoundland, your Group participated with outside partners in the Hansa Syndicate (Dome Group 18¾%). Originally the Hansa program involved the exploration of two mineral concessions in the Buchans area of central Newfoundland by airborne geophysical surveys followed by ground geophysical and geochemical follow-up. The 1970 program, probably the last stage in this project, involved a limited program of drilling on certain geophysical-geochemical indications. No economic mineralization was found.

Your Group continued exploration on an optioned 24-claim property in Bourlamaque Township which lies along the favourable geological trend on which the Louvem, Manitou-Barvue, Rainville and East Sullivan base-metal mines were found. Following the Turam and Magnetometer surveys completed in 1969, an I.P. survey was completed in the search for minor indications which might be significant in this already heavily-explored environment. Some minor geophysical indications were found and five holes aggregating 2,002 feet were drilled to test them. No economic mineralization was found.

In conjunction with the exploration just mentioned, your Group also acquired an adjoining 11 claims, also in Bourlamaque Township. On this property, geophysical surveys were also carried out but failed to reveal significant anomalies.

On the property of Clinton Copper Mines Limited (Dome Group approximately 39%) in the Eastern Townships of Quebec, extensive drilling continued on a number of zones of copper-zinc mineralization. This program is managed by the Sullivan Mining Group (39% interest), who recently reported drill-indicated tonnage of 1.8 million tons of 2.02% copper and 1.54% zinc (including 20% dilution). The sulphide lenses are distributed along a strike-length of four miles.

ONTARIO:

During 1969, your Group staked a number of claim groups in the Uchi-Confederation Lake area of Ontario and later in the same year carried out airborne geophysical surveys over these claims. On one of these groups a number of geophysical anomalies were indicated from the air. During 1970, your Group carried out extensive ground geophysical surveys amounting in all to 56 line-miles in order to accurately delineate the anomalies for drilling. On completion of the ground geophysical surveys, 8 diamond drill holes aggregating 2,437 feet were drilled. No economic mineralization was found.

Your Group continued extensive airborne radiometric surveying in a belt considered favourable for uranium exploration in northwestern Ontario. These surveys involved 5,750 line-miles as a continuation of a project begun in 1969. Under present conditions it was decided that only three of the more interesting anomalies would be ground-checked. None of these anomalies proved to be of further interest.

Your Group continued intensive exploration of an airborne survey area in northwestern Ontario, north of Sturgeon Lake. This program originated in 1969 and involved a number of conductors on 13 claim groups involving 260 claims. During the 1970 phase of the program, your Group completed 24 drill holes for an aggregate of 7,186 feet. No economic mineralization was found.

A program of exploration was continued, on behalf of Dome Mines Limited on a group of seven patented claims owned by it in Shaw Township, Ontario, as well as on an adjoining group of four optioned claims. The 1970 program involved 26-line miles of Turam plus magnetometer surveys and some geological mapping. Three drill holes, totalling 904 feet, were drilled to cross-section an area of ultrabasic intrusives and 4 short drill holes were drilled to test a small silver showing in iron formation on the Dome claims. No economic mineralization was discovered.

It will be recalled that, during 1969, your Group carried out airborne geophysical surveys in an area east of Sturgeon Lake, Ontario. This survey covered an area of extremely favourable Precambrian rhyolitic rocks. A number of interesting anomalies were found and six groups totalling 157 claims were staked. During the 1970 season, your Group carried out detailed ground geophysical surveys as well as geological examinations of these anomalies. A drilling program was started late in 1970 but at year-end only one hole having a length of 303 feet, had been completed. An extensive drilling program will continue in 1971.

During 1970, your Group acquired 12 claims straddling the Ontario-Quebec boundary. These claims were acquired in order to carry out drill-testing of an attractive anomaly known to exist in this location. In years past others have made unsuccessful attempts to test this anomaly by drilling. Your Group succeeded in testing the anomaly by drilling two holes totalling 889 feet. The anomaly was found to be caused by extensive non-economic sulphides with only very minor amounts of copper and zinc.

Your Group carried out reconnaissance geochemical surveys in a heavily overburden-covered area of northwestern Ontario along the projected trend of a major base-metal mine. Some minor geochemical anomalies were found and further work may be carried out in an attempt to ascertain their significance.

Your Group acquired A.E.M. survey data covering a 500 square mile geologically attractive area in north-eastern Ontario. Sixteen groups totalling 225 claims were staked to cover 26 anomalies in this area. During 1970, eighty-five miles of picket lines were cut in order to provide ground control for detailed geophysical evaluation which with drilling will be carried out in 1971.

Your Group carried out field geological examinations of 2 claim groups in the northern part of the Sturgeon Lake mineral area in northwestern Ontario. These groups, involving a total of 33 claims, were found to be underlain by favourable rock formations; the claims were optioned and contracts were let for ground geophysical coverage.

Your Group examined and optioned an 11-claim property in northwestern Ontario. Much of this property is covered by overburden but there are a number of scattered outcrops of quartz porphyry which contain sparse but widespread disseminated chalcopyrite and molybdenite. It is assumed that a large part of the property is underlain by a favourable intrusive. A geophysical program has been laid out to explore the entire property

for disseminated copper mineralization of the "porphyry copper" type. This will involve detailed geophysical coverage early in 1971.

During 1970, your Group maintained a prospecting party in various favourable areas in northwestern Ontario.

MANITOBA:

Your Group continued exploration on a 243-claim property which was staked in 1969 for its uranium potential. A number of uranium occurrences had been found during the 1969 program and the environment was considered favourable for the discovery of more extensive sedimentary uranium occurrences. Because of the extreme complexity of the local geology, it was decided to restrict the 1970 program to detailed geologic mapping. The 1970 program was therefore confined to a detailed sedimentological study of the uranium host rocks.

Your Group carried out limited ground follow-up of a number of airborne radiometric anomalies which were found during the preceding year. One of these anomalies, located in northern Manitoba, was found to be caused by uranium mineralization in metamorphosed sedimentary rocks. A block of 17 claims was staked in order to give prospecting protection while investigating it in more detail.

During early 1970, your Group, with others (Dome Group 50%), obtained results of an airborne electromagnetic survey covering a favourable area in southeastern Manitoba. The equivalent of 229 claims in 7 blocks was staked to cover 15 untested anomalies. Ground geophysical surveys amounting to 53 line-miles have been completed. Drilling will be carried out during 1971.

NORTHERN AND WESTERN CANADA:

Your Group participated with partners (Dome Group 33⅓%) in a continuing regional geochemical program in the Canadian Cordillera.

Your Group undertook a helicopter reconnaissance prospecting evaluation of a 50-square mile area in north-central British Columbia. This program was undertaken to evaluate the nickel potential of a fairly extensive area underlain by ultrabasic intrusive rocks. No significant mineralization was found.

ALASKA:

The programs carried out in Alaska, unlike most of the preceding ventures were carried out by Dome Mines Limited and others (without the participation of subsidiary and affiliated companies, as these programs were originally initiated before 1959). On the Denali copper prospect (Dome Mines Limited interest, approximately 41%), 1,706 feet of inclined adit was driven and 7,493 feet of underground diamond drilling was completed. This work was carried out to explore the irregular high-grade copper deposits indicated by diamond drilling and underground work in previous years. This season's work indicates that the potential size and erratic nature of these deposits does not change appreciably with depth.

Also in Alaska, Dome Mines Limited has a 33⅓% interest in a continuing program involving helicopter prospecting in selected areas of the State. None of the mineral occurrences found during 1970 appears to be of immediate economic interest.

GENERAL:

During 1970, 103 routine exploration proposals were brought to the attention of your Group. Of this number, 9 were examined in the field.

Preparations were being made at the end of 1970 to open a regional exploration office for the Group in the Timmins area of northern Ontario.

Your Group participated in various prospecting ventures organized by individual prospectors in Ontario.

Yours faithfully,

JAMES B. REDPATH,
President.

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

Report to Shareholders

For the Financial Year Ended December 31

1970

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

(Incorporated under the laws of Quebec)

HEAD OFFICE AND LOCATION OF MINE
Township of Bourlamaque, County of Abitibi, Province of Quebec
(Post Office: Val d'Or, Quebec, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD
42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT
360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

REGISTRAR AND TRANSFER AGENT
Canada Permanent Trust Company
320 Bay Street, Toronto 1, and 600 Dorchester Blvd. West, Montreal 101, Que.

DIRECTORS

Clifford W. Michel	New York, N.Y.
James B. Redpath	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.
Fraser M. Fell	Toronto, Ont.
Kenneth D. Watson	Pacific Palisades, Calif.
Charles P. Girdwood	South Porcupine, Ont.
John H. Hough	Toronto, Ont.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Bryce R. MacKenzie
Assistant Secretary	Fraser M. Fell
General Manager	Malcolm A. Taschereau
General Superintendent	Gordon Michaelscn

AUDITORS
Clarkson, Gordon & Co., Toronto 1, Ont.

GENERAL COUNSEL
Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

COMPARATIVE SUMMARY

	1970	1969
Tonnage Milled	510,780	490,600
Ounces Gold Produced	89,081	84,936
Average Price of Gold per ounce	$36.57	$37.68
Value of Bullion	$3,288,555	$3,230,354
Operating Costs	$3,877,264	$3,811,241
Net Income	$ 264,991	$ 330,983
Net Income per share	$0.26	$0.33
Current Assets	$2,516,812	$2,403,074
Current Liabilities	$ 395,904	$ 406,534
Working Capital	$2,120,908	$1,996,540
Number of Shareholders — December 31	622	629
Dividends Declared	$ 200,000	$ 300,000
Dividends declared per share	$0.20	$0.30
Shares Issued	1,000,000	1,000,000

REPORT OF THE DIRECTORS

of

Sigma Mines (Quebec) Limited

(No Personal Liability)

(For the Financial Year Ended December 31, 1970)

Toronto, Ontario,
February 22, 1971.

To the Shareholders of
Sigma Mines (Quebec) Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds, all certified by the Auditors of the Company, and the Report of the General Manager, covering the financial year ended December 31, 1970.

The gross production for 1970 was 89,081 ounces of gold as compared with 84,936 ounces for 1969.

The operating profit before deducting depreciation, tax under the Quebec Mining Duties Act and outside exploration expenses was $323,291. The non-operating revenue amounted to $122,043. These combined gave a total of $445,334. Depreciation amounted to $107,271. Outside exploration expenses amounted to $67,472 leaving profits of $270,591 before Provincial mining tax. After providing $5,600 for such tax, net income was $264,991 as compared with $330,983 a year ago. Dividends totalling $200,000 were declared during the year.

Lower net income is directly attributable to the freeing of the Canadian dollar and the subsequent loss of the premium on the United States dollar. Your Company's gold is paid for on the basis of the Canadian dollar equivalent of U.S. $35.00 per ounce.

Ore reserves were 1,219,300 tons at the end of the year, a decrease of 51,180 tons from the preceding year.

Production for the year was sold to the Royal Canadian Mint at an average price of $36.57 and on this production an additional $10.24 per ounce was received under the Emergency Gold Mining Assistance Act. Thus, the return for the year, including Emergency Gold Mining Assistance benefits, was $46.81 per ounce as compared with $47.96 in 1969.

Tonnage milled increased 4.1% to an all-time high as the benefits of the larger fine-crushing unit installed in 1969 were available for the full year of 1970. This higher throughput, together with increased operating efficiency and slightly decreased development charges resulted in a decrease in unit operating costs of $0.18 per ton to $7.59 as compared with $7.77 in 1969.

Development on the six lower levels continued to be disappointing as to size and grade of the ore shoots encountered.

In common with the greatest part of the Canadian gold mining industry, your Company depends on the Emergency Gold Mining Assistance Act for its very existence. In mid-year, the Government announced that the Act would be continued for an additional 2½ years, that is until June 30, 1973 with conditions and benefits relatively unchanged. The Government also announced that another 2½ years extension of application of the Act would continue until December 31, 1975 and that this extension would have conditions to be announced at a later date. While E.G.M.A. is not sufficient to arrest the continual diminution of profits, in the face of continued increases in the cost of labour and supplies, it does provide support to the continuing operation of the mine and maintenance of the neighbouring community until such time as gold is revalued.

To provide diversification and income, your Company holds $1 million of Subordinated Income Debentures of Dome Petroleum Limited. These debentures bear interest at 5% if earned, mature in 1988, and are convertible

during their life into capital stock of Dome Petroleum at $84.746 Canadian per share. Unaudited financial statements for Dome Petroleum show a cash flow of $13 million and a net income of $9,900,000 for the year under review.

Another facet of our policy of diversification in natural resources is your Company's participation in Panarctic Oils Ltd., which continues oil exploration in the Arctic Islands. During the year, a major gas discovery was made by Panarctic Oils on King Christian Island.

Your Company continued its participation in a widely based mineral exploration program through its association with Dome Mines Limited, Campbell Red Lake Mines Limited and Dome Petroleum Limited in projects directed by Dome Mines. Your Company's share is 6% of all projects initiated after December 31, 1968. Details of the exploration campaign appear on page twelve of this report.

During the year, your Company purchased for $25,000, all the minority shares of Gamma Mines (Quebec) Limited, making this company a wholly-owned subsidiary, and in accordance with normal Company practice, this amount has been charged to operations.

Your Company awaits with concern the announcement of the new Federal tax proposals, which the Government will introduce this year. With regard to taxation of the mining industry we can only hope that the Federal Government will be influenced by the Provincial Governments and the mining industry in their plea that taxes will not be changed to a point where the industry is forced to decrease its part in the Canadian economy over the long term future.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"In our report to you last year we noted that under the 'two tier' gold price system that was established under the International Monetary Fund auspices in 1968, a case could be made for a gradual uptrend in the free market price of gold. We believed this trend could not commence until the private speculative 'overhang' created during the 1968 gold crisis had been absorbed and until South Africa was again permitted, as it has been, to sell part of its current annual production to the IMF at the official $35 price, when it does not use the free market. From a low of $35 per ounce early in the past year, free market prices moved up to over $39 in October and closed the year at $37.33. The upward trend we anticipate will certainly be an erratic one, but in the inflationary environment that exists throughout the world, the free market price is likely to remain above the official price. Equally important in weighing this trend is the fact that official stocks of gold in the IMF and central banks have increased by almost $1 billion since the introduction in 1968 of the 'two tier' system, indicating that the large industrial nations do consider gold an essential part of their ultimate reserve assets. Until and unless the United States reduces its Balance of Payment deficits, of which no evidence has yet appeared, the 'surplus countries' are not likely to accept a United States dollar standard alone which permits the inflation existing in that country to be exported to their economies. Evidence of this was found in Germany's up-valuation of its currency and in Canada's permitting its exchange rate to 'float' from a rate fixed at 92½¢ to a present rate close to parity."

As announced at the Annual Meeting in April 1970, Mr. G. E. Peacock, General Manager of your Company, transferred to our associated company, Campbell Red Lake Mines Limited as General Manager of that company. Mr. Peacock was succeeded by Mr. Malcolm A. Taschereau who previously was Assistant General Manager at Campbell Red Lake Mines Limited. We take this opportunity of expressing our appreciation of Mr. Peacock's efficient guidance of your Company as General Superintendent and Assistant General Manager from 1954 to 1966 and as General Manager from 1966 to date of his moving to Campbell Red Lake Mines.

Your Directors wish to take this opportunity to acknowledge and thank the management and staff for their effective planning and supervision and also their appreciation of the loyal service rendered by all employees.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

SIGMA MINES (C

(No Person

(Incorporated und

BALANCE SHEET

(with comparative figur

ASSETS

	1970	1969
Current Assets:		
Cash, including bank term deposits	$ 319,036	$ 101,735
Bullion on hand and in transit, at net realizable value	170,435	219,868
Short term commercial paper, at cost	886,259	300,000
Government of Canada bonds, at cost (quoted market value 1970 — $208,000; 1969 — $796,000)	250,000	898,600
Accounts receivable (including accrued interest and estimated amount receivable under the Emergency Gold Mining Assistance Act)	366,843	358,814
Mining and milling supplies, at cost	508,150	493,184
Prepaid expenses	16,089	30,873
	2,516,812	2,403,074
Investments:		
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	1,000,000	1,000,000
Shares of other mining companies, at cost less amounts written off	1	1
	1,000,001	1,000,001
Capital Assets:		
Buildings, machinery and equipment, at cost	4,548,793	4,511,512
Less accumulated depreciation	4,173,634	4,076,976
	375,159	434,536
Mining claims and properties, at nominal value	1	1
Leasehold properties, at cost	21,500	21,500
	396,660	456,037
	$3,913,473	$3,859,112

(See accompanying no

AUDITO

To the Shareholders of
Sigma Mines (Quebec) Limited:

We have examined the balance sheet of Sigma Mines (Quebec) Limited as at December 31, 1970 and the related statements of income, earned surplus and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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DECEMBER 31, 1970

t December 31, 1969)

LIABILITIES

	1970	1969
Current Liabilities:		
Salaries and wages payable	$ 108,324	$ 113,457
Accounts payable	133,722	130,925
Accrued charges	44,182	12,152
Accrued taxes	9,676	
Dividends payable	100,000	150,000
	395,904	406,534
Capital and Surplus:		
Capital authorized and issued —		
1,000,000 shares of $1 par value	1,000,000	1,000,000
Earned surplus	2,517,569	2,452,578
	3,517,569	3,452,578
	$3,913,473	$3,859,112

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

o financial statements)

REPORT

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of Sigma Mines (Quebec) Limited as at December 31, 1970, the results of its operations and the source and application of its funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 28, 1971.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1970
(with comparative figures for the year 1969)

	1970	1969
Revenue:		
Bullion	$3,288,555	$3,230,354
Expenditures:		
Development	507,661	630,976
Mining	2,473,929	2,313,091
Reduction	575,674	564,773
Refining and marketing	16,126	16,243
General and administrative	262,559	249,145
Taxes other than income	41,315	37,013
	3,877,264	3,811,241
Less credit under the Emergency Gold Mining Assistance Act	912,000	873,400
	2,965,264	2,937,841
	323,291	292,513
Deduct:		
Provision for depreciation (note 1)	107,271	104,840
Provision for tax under the Quebec Mining Duties Act	5,600	3,000
	112,871	107,840
Operating profit	210,420	184,673
Add:		
Interest on Dome Petroleum Limited income debentures	50,000	50,000
Other interest, etc. (note 2)	81,768	87,944
Gain (loss) on disposal of investments (note 2)	(9,725)	14,900
	332,463	337,517
Deduct outside exploration expenses	67,472	54,741
Income before income taxes (note 3)	264,991	282,776
Income taxes recoverable:		
Current		20,207
Deferred		28,000
		48,207
Net income for the year	$ 264,991	$ 330,983
Net income per share	$ 0.26	$ 0.33

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1970
(with comparative figures for the year 1969)

	1970	1969
Balance, January 1	$2,452,578	$2,421,595
Add net income for the year	264,991	330,983
	2,717,569	2,752,578
Deduct dividends declared (1970 — 20¢ per share; 1969 — 30¢ per share)	200,000	300,000
Balance, December 31	$2,517,569	$2,452,578

(See accompanying notes to financial statements)

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1970

(with comparative figures for the year 1969)

	1970	1969
Source of funds:		
Operations—		
Net income for the year	$ 264,991	$ 330,983
Depreciation	107,271	104,840
Decrease in deferred income taxes		(28,000)
Total	372,262	407,823
Application of funds:		
Dividends	200,000	300,000
Expenditures on capital assets (net)	47,894	213,837
Total	247,894	513,837
Net increase (decrease) in working capital for year	124,368	(106,014)
Working capital, January 1	1,996,540	2,102,554
Working capital, December 31	$2,120,908	$1,996,540

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1970

1. **Depreciation**

   Depreciation on buildings, machinery and equipment has been provided as in prior years at a rate of 15% per annum on the straight-line method.

2. **Account reclassification**

   Gains and losses on disposals of investments which were previously included in "other interest etc." have been shown separately in 1970 and the 1969 comparative figures have been reclassified accordingly.

3. **Income taxes**

   No income taxes were payable or recoverable for 1970. In addition the company had, at December 31, 1970, unclaimed capital cost allowances in excess of depreciation written, available for carry-forward against future taxable income of approximately $131,000.

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1970 is submitted for your consideration.

During the year 548,474 tons of rock were hoisted, of which 510,780 tons were ore which was treated in the mill and 37,694 tons were waste.

The 510,780 tons of ore milled yielded bullion containing 89,081 ounces of gold, the average yield being 0.1744 ounces or 3.49 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was $36.57 per ounce compared with $37.68 per ounce for the previous year.

MINING:

Broken ore totalling 301,900 tons remains in the stopes and in drifts as a result of stope preparation, a decrease of 8,080 tons from the previous year.

In all 488,739 tons of a grade of 3.72 dwt. were drawn from the stopes and were sent to the mill. This represents an increase of 32,601 tons from the previous year.

Waste rock produced amounted to 43,563 tons of which 5,869 tons were dumped directly into empty stopes, and 37,694 tons were hoisted to surface. Waste backfill returned through raises from surface amounted to 16,296 tons and 96,490 tons of hydraulic backfill were piped underground.

The main stoping operations were between the 27th level and the 11th level; 27.5 per cent of production came from cut-and-fill stopes.

DEVELOPMENT:

A total of 13,480 feet of development work was done during the year. This work was distributed between the 10th and 36th levels.

During the year, development work on the six lower levels served by No. 3 Shaft continued to disclose minor amounts of ore.

On Gamma property a program of development has been undertaken to further outline a previously partially developed zone of dyke ore between the 16th and the 21st levels.

Diamond drilling totalling 47,681 feet was done in search of new ore and as a guide to mining.

The following table shows the details of development and diamond drilling completed during the year:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1970

Level	Drifts	Crosscuts	Raises	Slash	Total	Diamond Drilling
Surface	....	...	...	...	....	801
9th	....	...	...	...	....	570
10th	....	...	76	...	76	1,425
11th	....	...	151	19	170	....
12th	....	...	306	56	362	419
13th	153	...	150	4	307	653
14th	....	...	...	...	....	3,241
15th	....	...	...	...	....	998
16th	439	8	...	35	482	....
17th	747	11	74	42	874	491
18th	1,073	...	249	83	1,405	9,083
19th	....	...	306	60	366	....
20th	438	59	111	31	639	8,209
21st	427	115	92	67	701	273
22nd	....	...	...	...	....	....
23rd	....	...	50	5	55	297
24th	847	80	183	34	1,144	4,254
25th	....	...	210	31	241	313
26th	....	...	420	31	451	....
27th	899	208	132	77	1,316	....
28th	....	...	...	...	....	1,670
29th	....	...	...	...	....	1,001
30th	27	...	...	...	27	127
31st	31	...	...	...	31	....
32nd	32	...	...	...	32	....
33rd	1,405	...	...	81	1,486	3,440
34th	1,225	...	...	62	1,287	3,149
35th	50	...	275	21	346	1,296
36th	1,243	...	363	76	1,682	5,971
Totals	9,036	481	3,148	815	13,480	47,681

ORE PRODUCTION:

The mine produced 510,780 tons of ore during the year which averaged 3.64 dwt. The stopes produced 488,739 tons averaging 3.72 dwt. and the development work produced 22,041 tons averaging 1.83 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,219,300 tons, a decrease of 51,180 tons from last year. The reserves include 301,900 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore mined to the end of 1970 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore In Place	Average Grade (Dwt. per Ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1970
Surface to 1st Level	5,000	8.11	....	30,918
1st Level to 2nd Level	....	....	....	493,191
2nd Level to 3rd Level	....	....	....	1,021,610
3rd Level to 4th Level	....	....	....	963,214
4th Level to 5th Level	....	....	....	813,543
5th Level to 6th Level	....	....	....	790,696
6th Level to 7th Level	....	....	....	737,190
7th Level to 8th Level	2,000	4.38	....	835,740
8th Level to 9th Level	....	....	500	726,862
9th Level to 10th Level	16,700	4.05	....	476,137
10th Level to 11th Level	15,000	4.31	400	456,574
11th Level to 12th Level	7,000	3.43	46,720	658,346
12th Level to 13th Level	19,700	4.31	38,780	433,363
13th Level to 14th Level	70,100	5.10	21,770	242,820
14th Level to 15th Level	54,100	5.47	3,360	321,918
15th Level to 16th Level	3,600	3.78	10,940	599,236
16th Level to 17th Level	17,300	3.92	6,990	548,810
17th Level to 18th Level	111,500	4.70	64,420	424,441
18th Level to 19th Level	56,500	3.99	22,290	205,306
19th Level to 20th Level	14,700	3.97	52,220	206,883
20th Level to 21st Level	50,500	4.34	360	25,272
21st Level to 22nd Level	53,000	4.82	23,930	154,234
22nd Level to 23rd Level	53,100	4.39	7,210	270,207
23rd Level to 24th Level	25,200	3.83	200	250,549
24th Level to 25th Level	27,000	4.64	340	12,238
25th Level to 26th Level	32,000	3.64	70	24,266
26th Level to 27th Level	40,400	4.17	270	13,777
27th Level to 28th Level	35,400	4.49	60	17,119
28th Level to 29th Level	48,600	4.64	190	6,128
29th Level to 30th Level	10,200	4.60	480	30,221
30th Level to 31st Level	20,600	4.59	....	....
31st Level to 32nd Level	12,600	4.55	....	....
32nd Level to 33rd Level	25,400	3.93	60	4,024
33rd Level to 34th Level	20,700	4.65	160	9,711
34th Level to 35th Level	20,900	4.87	180	5,386
35th Level to 36th Level	48,600	4.10	....	5,252
	917,400	4.50	301,900	11,815,182

MILL:

The following are the results of milling operations for the year 1970:

Average daily tons milled	1,399
Tons of ore treated	510,780
Average grade of ore treated	3.64 dwt. per ton
Recovery	3.49 dwt. per ton
Recovery percentage	95.76%

COSTS:

The expenditure on mining was $2,473,929 or $4.85 per ton milled.

The expenditure on development was $507,661 or $0.99 per ton milled.

The operating costs including Mint handling charges were $7.59 per ton milled, as compared with $7.77 for the previous year.

CAPITAL EXPENDITURES:

Net capital expenditures for the year totalled $47,894. The main expenditures were for a rubber-tired loader and slusher hoists for underground and spare parts and stand-by equipment for the mill and crushing plant.

The details of changes in the plant and equipment are as follows:

Additions:	
Mine equipment	$ 21,129
Reduction equipment	23,114
Surface equipment	6,438
	$ 50,681
Less net book value of retirements	2,787
Net increase	$ 47,894

GAMMA MINES (QUEBEC) LIMITED:

During the year, Gamma Mines (Quebec) Limited became a wholly-owned subsidiary of Sigma and all mining rights excluding base metals have been leased by Sigma for a 10-year period.

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 10% interest in those projects which originated before January 1, 1969 and a 6% interest in the substantially increased exploration campaign which started on January 1, 1969:

Maritime Provinces and Quebec:

A participation in the Hansa Syndicate which continued exploration on two mineral concessions in central Newfoundland. The 1970 program, probably the last stage in this project, involved a limited program of drilling on certain geophysical-geochemical indications. No economic mineralization was found.

A participation in the continuing exploration of a 24-claim property in Bourlamaque Township. This optioned property lies along the trend of the Louvem, Manitou-Barvue, Rainville and East Sullivan base-metal mines. During 1970 an I.P. survey was completed in the search for minor indications which might be significant in this already heavily explored environment. Minor geophysical indications were found and five holes for a total footage of 2,002 feet were drilled. No economic mineralization was found.

A participation in the exploration of an optioned 11-claim group in the same general area as the foregoing. A careful I.P. and magnetic survey was completed but failed to reveal significant anomalies.

During 1970 exploration continued on the property of Clinton Copper Mines Limited. This program is managed by the Sullivan Mining Group, who recently reported drill-indicated tonnage of 1.8 million tons of 2.02% copper and 1.54% zinc (including 20% dilution) in a number of sulphide lenses distributed along a strike-length of four miles.

Ontario:

A continuing participation in the exploration of claims in the Uchi-Confederation Lake area of Ontario. As a result of airborne E.M. surveys carried out in 1969, a number of anomalies were found. During 1970, ground geophysical surveys totalling 56 line-miles were carried out to accurately delineate the anomalies for drilling. Subsequent to the geophysical coverage, 8 diamond drill holes aggregating 2,437 feet were drilled. No economic mineralization was found.

A participation in continuing extensive airborne radiometric surveys in a belt considered favourable for uranium exploration in northwestern Ontario. These surveys involved 5,750 line-miles as a continuation of a project started in 1969. Under present conditions it was decided that only three of the more interesting anomalies would be ground checked. None of these anomalies proved to be of further interest.

A continuing participation in the intensive exploration of another airborne survey area in northwestern Ontario, north of Sturgeon Lake. During the 1970 phase of the program, 24 drill holes for an aggregate footage of 7,186 feet were completed. No economic mineralization was found.

A continuing participation in an airborne geophysical survey and follow-up in an area east of Sturgeon Lake, Ontario. This survey covered an area of extremely favourable Precambrian rhyolitic rocks.

The airborne surveys led to the staking of six groups totalling 157 claims. During 1970 detailed ground geophysical and geological surveys were carried out on the anomalies. A drilling program was started late in 1970 and will continue in 1971.

A participation in the exploration of a 12-claim group straddling the Ontario-Quebec boundary. This exploration was carried out in order to test by diamond drilling an attractive anomaly known to exist in this location. In years past others have made unsuccessful attempts to test this anomaly by drilling. During 1970, two holes totalling 889 feet were completed. The anomaly was found to be caused by extensive non-economic sulphides with only very minor amounts of copper and zinc.

A participation in a reconnaissance geochemical survey in a heavily overburden-covered area of northwestern Ontario along the projected trend of a major base-metal mine. Some minor geochemical anomalies were found and further work may be carried out in an attempt to ascertain their significance.

A participation in a new A.E.M. survey area covering a 500 square mile geologically-attractive area in northeastern Ontario. During 1970, 16 groups totalling 225 claims were staked to cover 26 anomalies in this area and 85 miles of picket lines were cut in order to provide ground control for detailed geophysical evaluation of these anomalies. This program will continue in 1971.

A participation in the exploration of 2 optioned claim groups totalling 33 claims in a geologically-favourable portion of the northern part of the Sturgeon Lake mineral belt in northwestern Ontario. Geophysical exploration of these claims will start early in 1971.

A participation in an optioned 11-claim property in northwestern Ontario. Much of this property is covered by overburden but there are a number of scattered outcrops of quartz porphyry which contain sparse but widespread disseminated chalcopyrite and molybdenite. A geophysical program has been laid out to explore the entire property for disseminated copper mineralization of the "porphyry copper" type. Detailed geophysical coverage will start early in 1971.

A participation in a prospecting program in northwestern Ontario.

Manitoba:

A continuing participation in the exploration of a 243-claim property which was staked in 1969 for its uranium potential. A number of uranium occurrences had been found during the 1969 program and the environment was considered favourable for the discovery of more extensive sedimentary uranium occurrences. Because of the extreme complexity of the local geology it was decided to restrict the 1970 program to detailed geologic mapping. The 1970 program was therefore confined to a detailed sedimentological study of the uranium host rocks.

A continuing participation in limited ground follow-up of a number of airborne radiometric anomalies which were found during a survey during the preceding year. One of these anomalies,

located in northern Manitoba, was found to be caused by uranium mineralization in metamorphosed sedimentary rocks. A block of 17 claims was staked in order to give prospecting protection while investigating it in more detail.

A participation in the follow-up work on airborne electromagnetic survey results covering a favourable area in southeastern Manitoba. The equivalent of 229 claims in 7 blocks was staked to cover 15 untested anomalies. Ground geophysical surveys amounting to 53 line-miles were completed and drilling will be carried out during 1971.

Northern and Western Canada:

A participation in a continuing regional geochemical program in the Canadian Cordillera.

A participation in the helicopter exploration of a 50 square mile area in north-central British Columbia. This program was undertaken to evaluate the nickel potential of a fairly extensive area underlain by ultrabasic intrusive rocks. No significant mineralization was found.

General:

Your Company participated in various prospecting ventures organized by individual prospectors.

GENERAL:

The mill treated a total of 510,780 tons during the year, compared with 490,600 tons in 1969. This represents maximum capacity and any further increases would require modifications to the circuit. Recovery increased to 95.8% in 1970 from 94.4% in 1969.

In mining, a rubber-tired loader was purchased for use in cut-and-fill stopes and indications are that use of this type of equipment will result in increased productivity. Cemented tailings floors were introduced in stopes in 1970 and have now replaced all timber floors. At year end a bulk cement storage silo was under construction with the object of reducing cement costs. Steel has replaced timber in millholes and is also being tested for stope manways. During the year cut-and-fill mining provided 33.6% of the total stope break.

Development was continued underground at a somewhat decreased rate from the previous year.

The atomic absorption laboratory became operational early in January 1970. This method has replaced fire assaying and has resulted in both monetary savings and improved metallurgical control.

Reserves of both ore in place and broken ore showed a small decrease of 4% or 51,180 tons after milling 510,780 tons.

The freeing of the Canadian dollar on world monetary markets on June 1, 1970 has had a very adverse effect upon the revenue realized from the sale of gold bullion. This in addition to wage increases and the continuing increases in the cost of supplies, was offset by increased production and greater productivity per man shift worked. Operating costs per ton decreased from $7.77 in 1969 to $7.59 in 1970 and, though a slightly lower grade of ore was milled, the increased tonnage and increased recovery resulted in a small increase in mine operating profit from $184,673 in 1969 to $210,420 in 1970.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries, and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Gordon Michaelson, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

MALCOLM A. TASCHEREAU,
General Manager.

Val d'Or, Quebec,
February 17, 1971.

Sigma Mines (Quebec) Limited

(No Personal Liability)

Total supplies and services	$1,532,662
Total amount of wages and salaries	2,455,187
Provincial and Municipal taxes	46,915

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Ajax
Amos
Arnprior
Balmertown
Bancroft
Belleville
Brantford
Burlington
Cadillac
Clarkson
Cobalt
Cooksville
Copper Cliff
Don Mills
Dorval
Downsview
Elliot Lake
Englehart
Fort Erie
Galt
Gananoque
Guelph
Haileybury
Hamilton
Iroquois Falls
Islington
Kirkland Lake
Kitchener
McMasterville
Malartic
Maniwaki
Montreal
New Liskeard
Newmarket
Noranda
North Bay
Orillia
Oshawa
Owen Sound
Pointe Claire
Quebec
Rexdale
Rouyn
Sault Ste. Marie
Scarborough
Sorel
South Porcupine
St. Catharines
St. George
St. Jean
Sudbury
Swastika
Thornbury
Thornhill
Timmins
Toronto
Val d'Or
Welland
Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
Quebec	15	160
Ontario	43	130
Manitoba	1	1
United States of America	7	7
	66	298

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1970

CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ontario, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

HEAD OFFICE AND ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

The Sterling Trusts Corporation, 372 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

DIRECTORS

Clifford W. Michel	New York, N.Y.
William F. James	Toronto, Ont.
John K. McCausland	Toronto, Ont.
James B. Redpath	Toronto, Ont.
Bryce R. MacKenzie	Toronto, Ont.

OFFICERS

Chairman of the Board	Clifford W. Michel
President	James B. Redpath
Secretary	Bryce R. MacKenzie
Assistant Secretary	F. M. Fell
Treasurer	E. J. Andrecheck
General Manager	George E. Peacock
General Superintendent	S. M. Reid

AUDITORS

Clarkson, Gordon & Co., Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	1970	1969
Tonnage Milled	262,021	261,609
Ounces Gold Produced	178,974	176,517
Average Price of Gold per ounce	$37.64	$43.45
Value of Bullion	$6,778,840	$7,738,593
Operating Costs	$3,706,208	$3,039,397
Net Income	$1,942,193	$2,899,927
Net Income per share	$0.48	$0.73
Current Assets	$8,642,152	$8,798,324
Current Liabilities	$1,346,300	$1,638,933
Working Capital	$7,295,852	$7,159,391
Number of Shareholders — December 31	5,685	5,368
Dividends Declared	$1,799,775	$1,999,750
Dividends declared per share	$0.45	$0.50
Shares Issued	3,999,500	3,999,500

REPORT OF THE DIRECTORS

of

Campbell Red Lake Mines Limited

(For the Financial Year Ended December 31, 1970)

Toronto, Ontario,
February 22, 1971.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds, all certified by the Auditors of the Company and the Report of the General Manager, covering the financial year ended December 31, 1970.

The gross production for 1970 was 178,974 ounces of gold, as compared with 176,517 ounces for 1969.

The operating profit before deducting depreciation, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was $3,072,632. The non-operating revenue was $632,523. These combined gave a total of $3,705,155. Depreciation charges, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to $1,762,962, leaving net income of $1,942,193 as compared to $2,899,927 a year ago.

Regular quarterly dividends were maintained at 11¼¢ per share. Therefore, the total dividends declared amounted to $1,799,775 or 45¢ per share.

The tonnage milled during 1970 totalled 262,021 tons which represents an average milling rate of 718 tons per day. The yield per ton was 13.66 dwt. as compared with 13.50 dwt. in 1969.

The drop in earnings from the preceding year was due to a lower international gold price and lower premium on the United States dollar, together with substantially increased costs due to the shaft deepening program and the general pressures of inflation on wages and supplies, and municipal taxation.

Extra costs in connection with shaft sinking, will continue until the end of 1971. It is difficult to forecast the future of the Canadian dollar and the course of inflation and their effect on future earnings.

Ore reserves increased to 1,376,000 tons, with the ore in place showing a grade of 13.92 dwt. Development results continued to be satisfactory and are covered in detail in the General Manager's Report.

No benefits were received under the Emergency Gold Mining Assistance Act as the cost per ounce of gold produced was lower than the amount required to qualify under the Act. As your Company was not eligible for such benefits, gold was sold on markets other than the Royal Canadian Mint. The average price received on all production was $37.64 Canadian per ounce, as compared with $43.45 per ounce in 1969, a reduction of 13%.

Taxes under the Federal Income Tax Act of $800,000, the Provincial Corporations Tax Act of $230,000 and the Ontario Mining Tax Act of $372,000 total $1,402,000.

Your Company continued its participation in a widely based mineral exploration program through its association with Dome Mines Limited, Sigma Mines (Quebec) Limited and Dome Petroleum Limited in a project directed by Dome Mines. Your Company's share of this project is 21% of all projects initiated after December 31, 1968. Details of the exploration campaign appear on page thirteen of this report.

Diversification and income are provided by your Company's holding of $2 million of Subordinated Income Debentures of Dome Petroleum Limited. These debentures bear interest at 5% if earned, mature in 1988, and are convertible during their life into capital stock of Dome Petroleum at $84.746 Canadian per share. Dome Petroleum reports a successful year with unaudited financial statements showing a cash flow of $13 million and a net income of $9,900,000 for the year under review.

Another facet of our policy of diversification in natural resources is your Company's participation in Panarctic Oils Ltd., which continues its oil exploration in the Arctic Islands. During the year, a major gas discovery was made by Panartic Oils on King Christian Island.

Your Company awaits with concern the announcement of the new Federal tax proposals, which the government will introduce this year. With regard to taxation of the mining industry we can only hope that the Federal Government will be influenced by the Provincial Governments and the mining industry in their plea that taxes will not be changed to a point where the industry is forced to decrease its part in the Canadian economy over the long term future.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"In our report to you last year we noted that under the 'two-tier' gold price system that was established under the International Monetary Fund auspices in 1968, a case could be made for a gradual uptrend in the free market price of gold. We believed this trend could not commence until the private speculative 'overhang' created during the 1968 gold crisis had been absorbed and until South Africa was again permitted, as it has been, to sell part of its current annual production to the IMF at the official $35 price, when it does not use the free market. From a low of $35 per ounce early in the past year, free market prices moved up to over $39 in October and closed the year at $37.33. The upward trend we anticipate will certainly be an erratic one, but in the inflationary environment that exists throughout the world, the free market price is likely to remain above the official price. Equally important in weighing this trend is the fact that official stocks of gold in the IMF and central banks have increased by almost $1 billion since the introduction in 1968 of the 'two-tier' system, indicating that the large industrial nations do consider gold an essential part of their ultimate reserve assets. Until and unless the United States reduces its Balance of Payment deficits, of which no evidence has yet appeared, the 'surplus countries' are not likely to accept a United States dollar standard alone which permits the inflation existing in that country to be exported to their economies. Evidence of this was found in Germany's up-valuation of its currency and in Canada's permitting its exchange rate to 'float' from a rate fixed at 92½¢ to a present rate close to parity."

The retirement of Mr. J. Chisholm, General Manager of your Company, was announced at the Annual Meeting in April of last year. Mr. Chisholm is succeeded by Mr. G. E. Peacock who was previously General Manager of our associated company, Sigma Mines (Quebec) Limited. Mr. Chisholm has managed the Campbell Red Lake Mine since 1947 and it is a pleasure to have this opportunity to express our appreciation of the many years of forethought, efficiency and hard work that Mr. Chisholm has brought to the direction of your Company's affairs.

Mr. Stewart M. Reid has joined the staff as General Superintendent, replacing Mr. Malcolm A. Taschereau who transferred to Sigma Mines (Quebec) Limited as General Manager of that company.

Your Directors again wish to record their appreciation for the effective planning and direction by management and staff and to thank all employees for their loyalty and untiring efforts to increase the efficiency of the Company's operations.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

CAMPBELL RED LA

(Incorporated und

BALANCE SHEET

(with comparative figu

ASSETS

	1970	1969
Current Assets:		
Cash, including bank term deposits	$ 1,308,991	$ 651,171
Bullion on hand and in transit, at net realizable value	482,859	736,507
Short term commercial paper, at cost	5,436,726	3,601,208
Marketable securities, at cost (schedule attached)	643,501	3,032,166
Accounts receivable (including accrued interest)	153,304	200,313
Mining and milling supplies, at cost	607,564	559,330
Prepaid expenses	9,207	17,629
	8,642,152	8,798,324
Investments (schedule attached) (note 2):		
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	2,000,000	2,000,000
Other	206,458	212,256
	2,206,458	2,212,256
Capital Assets:		
Buildings, machinery and equipment, at cost	6,944,922	6,804,381
Less accumulated depreciation	6,307,276	6,192,846
	637,646	611,535
Mining claims and properties — acquired for 1,277,500 shares issued at (no deduction has been made for ore mined)	197,500	197,500
Townsite land, at cost	104,257	108,613
	939,403	917,648
	$11,788,013	$11,928,228

(See accompanying no

AUDITOR

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 1970 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

E MINES LIMITED

ws of Ontario)

CEMBER 31, 1970

cember 31, 1969)

LIABILITIES

	1970	1969
Current Liabilities:		
Salaries and wages payable	$ 94,386	$ 86,187
Accounts payable	186,787	139,260
Accrued charges	75,842	64,465
Accrued taxes	539,341	699,102
Dividends payable	449,944	649,919
	1,346,300	1,638,933
Deferred Income Taxes	70,000	60,000
Capital and Surplus:		
Capital —		
Authorized:		
4,000,000 shares of $1 each		
Issued:		
3,999,500 shares	3,999,500	3,999,500
Discount (net) on shares issued	2,378,905	2,378,905
	1,620,595	1,620,595
Earned surplus	8,751,118	8,608,700
	10,371,713	10,229,295
	$11,788,013	$11,928,228

On behalf of the Board:

J. B. REDPATH, Director.

B. R. MacKENZIE, Director.

ancial statements)

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In our opinion these financial statements present fairly the financial position of Campbell Red Lake nes Limited as at December 31, 1970, the results of its operations and the source and application of its funds the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent h that of the preceding year.

ronto, Canada,
uary 28, 1971.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Campbell Red Lake Mines Limited

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1970
(with comparative figures for the year 1969)

	1970	1969
Revenue:		
Bullion	$ 6,778,840	$ 7,738,593
Expenditures:		
Development (including shaft sinking expenditures of $413,800 in 1970)	958,734	550,802
Mining	1,376,473	1,272,188
Reduction	802,049	748,390
Refining and marketing	71,704	68,396
General and administrative	410,206	364,635
Taxes other than income	87,042	34,986
	3,706,208	3,039,397
	3,072,632	4,699,196
Deduct:		
Provision for depreciation (note 3)	149,133	154,592
Provision for tax under The Mining Tax Act	372,000	587,000
	521,133	741,592
Operating profit	2,551,499	3,957,604
Add:		
Interest on Dome Petroleum Limited income debentures	100,000	100,000
Other interest etc. (note 5)	521,859	433,815
Gain on disposal of investments (note 5)	10,664	5,198
	3,184,022	4,496,617
Deduct outside exploration expenses	211,829	171,690
Income before provision for income taxes	2,972,193	4,324,927
Provision for income taxes (including deferred income taxes 1970 — $10,000; 1969 — nil)		
Federal	800,000	1,100,000
Provincial	230,000	325,000
	1,030,000	1,425,000
Net income for the year	$ 1,942,193	$ 2,899,927
Net income per share	$ 0.48	$ 0.73

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1970
(with comparative figures for the year 1969)

	1970	1969
Balance, January 1	$ 8,608,700	$ 7,708,523
Add net income for the year	1,942,193	2,899,927
	10,550,893	10,608,450
Deduct dividends declared of 45¢ per share comprising four quarterly dividends of 11¼¢ each (1969 — 50¢ per share including an extra dividend of 5¢ per share)	1,799,775	1,999,750
Balance, December 31	$ 8,751,118	$ 8,608,700

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1970
(with comparative figures for the year 1969)

	1970	1969
Source of Funds:		
Operations —		
Net income for the year	$ 1,942,193	$ 2,899,927
Depreciation	149,133	154,592
Increase in deferred income taxes	10,000	
Total from operations	2,101,326	3,054,519
Decrease in other investments	5,798	36,379
Total	2,107,124	3,090,898
Application of Funds:		
Dividends	1,799,775	1,999,750
Expenditures on capital assets (net)	170,888	199,796
Total	1,970,663	2,199,546
Net increase in working capital for year	136,461	891,352
Working capital, January 1	7,159,391	6,268,039
Working capital, December 31	$ 7,295,852	$ 7,159,391

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS
DECEMBER 31, 1970
(with comparative figures for the year 1969)

	Par value	Book value (note 2) 1970	1969
Marketable Securities:			
Government and government guaranteed short term securities ($2,541,500 par value in 1969)	$ 146,000	$ 145,751	$2,534,416
Corporate bonds	500,000	497,750	497,750
		$ 643,501	$3,032,166
(Quoted market values of above "Marketable Securities": 1970 — $663,000; 1969 — $3,015,000)			
Investments:			
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	$2,000,000	$2,000,000	$2,000,000
Other —			
Local school and municipal debentures, at cost ($28,500 par value in 1969)	25,000	24,861	28,361
Sundry		181,597	183,895
		206,458	212,256
		$2,206,458	$2,212,256
(Estimated market values of above "Investments" with debentures valued at their respective par or book values: 1970 — $2,239,000; 1969 — $2,249,000)			

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS
December 31, 1970

1. **Emergency Gold Mining Assistance**
The company received no credits during the year under the Emergency Gold Mining Assistance Act.

2. **Investments**
Marketable securities and other investments are carried at cost except for certain shares in other mining companies which are carried at cost less amounts written off.

3. **Depreciation**
Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

4. **Remuneration of directors and officers**
The total remuneration paid in respect of 1970 by the company to its directors and senior officers (defined by The Business Corporations Act, 1970 to include the five highest paid employees) amounted to $99,565.

5. **Account reclassification**
Gains on disposals of investments which were previously included in "other interest etc." have been shown separately in 1970 and the 1969 comparative figures have been reclassified accordingly.

Campbell Red Lake Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1970 is submitted for your consideration.

During the year 297,920 tons were hoisted, of which 262,021 tons were ore and 35,899 tons were waste.

The 262,021 tons of ore milled yielded bullion containing 178,974 ounces of gold, the average yield being 0.6831 ounces or 13.66 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on $35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at the current exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all production during the year averaged $37.64 Canadian per ounce.

MINING:

In all 243,624 tons of a grade of 14.81 dwt. were drawn from the stopes and sent to the mill

Broken ore totalling 121,400 tons remains in the stopes, an increase of 6,200 tons from the previous year.

The main stoping operations were above the 15th or 2,200-foot level. Ore removed by cut-and-fill mining increased from 28% to 31% of the total ore mined.

DEVELOPMENT:

Development was distributed from the 4th to the 21st level. Of this work 66% was drifting and raising in known ore zones. The other 34% included 493 feet of ventilation raise.

The main production shaft was deepened 609 feet with stations being established at the 23, 24, 25, and 26th levels.

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1970

Level	Shaft	Drifts	Crosscuts	Raises	Slabbing	Totals	Diamond Drilling
Surface	....	....	....	....	....	....	....
1st	....	....	....	....	....	....	....
2nd	....	....	....	....	....	....	....
3rd	....	....	....	....	....	....	....
4th	....	659	....	....	33	692	2,314
5th	....	....	....	296	46	342	....
6th	....	69	....	260	42	371	2,503
7th	....	....	....	103	12	115	1,335
8th	....	59	....	70	48	177	1,150
9th	....	156	15	212	38	421	....
10th	....	....	....	....	37	37	2,322
11th	....	....	....	240	39	279	1,011
12th	....	58	....	367	267	692	401
13th	....	5	69	151	172	397	396
14th	....	....	....	211	178	389	1,118
15th	....	426	144	181	98	849	323
16th	....	743	27	399	124	1,293	1,066
17th	....	143	....	....	....	143	5,101
18th	....	276	....	44	60	380	5,220
19th	....	346	....	81	87	514	4,334
20th	....	403	....	....	32	435	2,442
21st	....	372	....	....	111	483	1,907
22nd	....	....	....	....	....	....	....
SHAFT	609	....	....	....	....	609	....
Totals	609	3,715	255	2,615	1,424	8,618	32,943

In Addition, 117,006 Cubic Feet of Rock Work was completed in the 23rd, 24th, 25th and 26th Level Stations.

Diamond drilling totalling 32,943 feet was done as a guide to development and mining.

The table on page eleven shows details of development and diamond drilling completed during the year.

ORE PRODUCTION:

The mine produced 262,021 tons of ore during the year which averaged 14.66 dwt. The stopes produced 243,624 tons averaging 14.81 dwt. and development work produced 18,397 tons averaging 12.68 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,376,000 tons, an increase of 44,900 tons over last year. The ore reserves include 121,400 tons of broken ore. Potential ore exposed by lateral work but not sufficiently determined by our normal raising practice is not included in the ore reserves.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1970 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1970
Surface to 1st Level	4,900	12.15	....	248,566
1st Level to 2nd Level	12,500	12.38	....	328,646
2nd Level to 3rd Level	15,900	12.90	....	368,126
3rd Level to 4th Level	16,400	11.60	....	484,035
4th Level to 5th Level	31,300	12.16	2,800	471,294
5th Level to 6th Level	62,700	15.52	2,100	455,677
6th Level to 7th Level	83,100	13.17	5,300	520,830
7th Level to 8th Level	64,200	11.04	39,600	448,236
8th Level to 9th Level	65,300	14.50	21,300	315,896
9th Level to 10th Level	112,700	15.33	29,600	213,726
10th Level to 11th Level	95,600	15.69	11,500	83,315
11th Level to 12th Level	73,600	14.82	400	88,953
12th Level to 13th Level	136,800	14.90	4,800	79,717
13th Level to 14th Level	167,100	15.44	700	83,951
14th Level to 15th Level	133,800	12.75	3,300	32,668
15th Level to 16th Level	108,000	11.92	....	....
16th Level to 17th Level	39,300	12.62	....	....
17th Level to 18th Level	31,400	10.24	....	....
	1,254,600	13.92	121,400	4,223,636

Ore in Place	1,254,600
Broken Ore	121,400
	1,376,000

Increase over 1969 is 44,900 tons.

MILL:

The following are the results of milling operations:

Tons of ore treated	262,021 tons
Average tons per calendar day	718 tons
Average grade of ore treated	14.66 dwt. per ton
Recovery	13.66 dwt. per ton
Recovery percentage	93.19%

COSTS:

The expenditure on mining was $1,376,473 or $5.25 per ton milled.
The expenditure on development (excluding shaft sinking) was $544,934 or $2.08 per ton milled.
Operating costs (including Mint handling charges and shaft sinking) were $14.14 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were $170,888. This amount includes electrics and pipe lines in the shaft extension, renovations in the cookery, and additions to living facilities for employees.

The details of changes in plant buildings, equipment and townsite land are as follows:

Additions:	
Mine equipment	$ 76,905
Reduction buildings and equipment	2,204
Surface buildings and equipment	96,157
	$ 175,266
Less net book value of retirements and townsite land disposal	4,378
Net Increase	$ 170,888

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in those projects which originated before January 1, 1969 and a 21% interest in the substantially increased exploration campaign which started on January 1, 1969:

Maritime Provinces and Quebec:

A participation in the Hansa Syndicate which continued exploration on two mineral concessions in central Newfoundland. The 1970 program, probably the last stage in this project, involved a limited program of drilling on certain geophysical - geochemical indications. No economic mineralization was found.

A participation in the continuing exploration of a 24-claim property in Bourlamaque Township. This optioned property lies along the trend of the Louvem, Manitou-Barvue, Rainville and East Sullivan base-metal mines. During 1970 an I.P. survey was completed in the search for minor indications which might be significant in this already heavily explored environment. Minor geophysical indications were found and five holes for a total footage of 2,002 feet were drilled. No economic mineralization was found.

A participation in the exploration of an optioned 11-claim group in the same general area as the foregoing. A careful I.P. and magnetic survey was completed but failed to reveal significant anomalies.

During 1970 exploration continued on the property of Clinton Copper Mines Limited. This program is managed by the Sullivan Mining Group, who recently reported drill-indicated tonnage of 1.8 million tons of 2.02% copper and 1.54% zinc (including 20% dilution) in a number of sulphide lenses distributed along a strike-length of four miles.

Ontario:

A continuing participation in the exploration of claims in the Uchi-Confederation Lake area of Ontario. As a result of airborne E.M. surveys carried out in 1969, a number of anomalies were found. During 1970, ground geophysical surveys totalling 56 line-miles were carried out to accurately delineate the anomalies for drilling. Subsequent to the geophysical coverage, 8 diamond drill holes aggregating 2,437 feet were drilled. No economic mineralization was found.

A participation in continuing extensive airborne radiometric surveys in a belt considered favourable for uranium exploration in northwestern Ontario. These surveys involved 5,750 line-miles as a continuation of a project started in 1969. Under present conditions it was decided that only three of the more interesting anomalies would be ground checked. None of these anomalies proved to be of further interest.

A continuing participation in the intensive exploration of another airborne survey area in northwestern Ontario, north of Sturgeon Lake. During the 1970 phase of the program, 24 drill holes for an aggregate footage of 7,186 feet were completed. No economic mineralization was found.

A continuing participation in an airborne geophysical survey and follow-up in an area east of Sturgeon Lake, Ontario. This survey covered an area of extremely favourable Precambrian rhyolitic rocks. The airborne surveys led to the staking of six groups totalling 157 claims. During 1970 detailed ground geophysical and geological surveys were carried out on the anomalies. A drilling program was started late in 1970 and will continue in 1971.

A participation in the exploration of a 12-claim group straddling the Ontario-Quebec boundary. This exploration was carried out in order to test by diamond drilling an attractive anomaly known to exist in this location. In years past others have made unsuccessful attempts to test this anomaly by drilling. During 1970, two holes totalling 889 feet were completed. The anomaly was found to be caused by extensive non-economic sulphides with only very minor amounts of copper and zinc.

A participation in a reconnaissance geochemical survey in a heavily overburden-covered area of northwestern Ontario along the projected trend of a major base-metal mine. Some minor geochemical anomalies were found and further work may be carried out in an attempt to ascertain their significance.

A participation in a new A.E.M. survey area covering a 500 square mile geologically-attractive area in northeastern Ontario. During 1970, 16 groups totalling 225 claims were staked to cover 26 anomalies in this area and 85 miles of picket lines were cut in order to provide ground control for detailed geophysical evaluation of these anomalies. This program will continue in 1971.

A participation in the exploration of 2 optioned claim groups totalling 33 claims in a geologically-favourable portion of the northern part of the Sturgeon Lake mineral belt in northwestern Ontario. Geophysical exploration of these claims will start early in 1971.

A participation in an optioned 11-claim property in northwestern Ontario. Much of this property is covered by overburden but there are a number of scattered outcrops of quartz porphyry which contain sparse but widespread disseminated chalcopyrite and molybdenite. A geophysical program has been laid out to explore the entire property for disseminated copper mineralization of the "porphyry copper" type. Detailed geophysical coverage will start early in 1971.

A participation in a prospecting program in northwestern Ontario.

Manitoba:

A continuing participation in the exploration of a 243-claim property which was staked in 1969 for its uranium potential. A number of uranium occurrences had been found during the 1969 program and the environment was considered favourable for the discovery of more extensive sedimentary uranium occurrences. Because of the extreme complexity of the local geology it was decided to restrict the 1970 program to detailed geologic mapping. The 1970 program was therefore confined to a detailed sedimentological study of the uranium host rocks.

A continuing participation in limited ground follow-up of a number of airborne radiometric anomalies which were found during a survey during the preceding year. One of these anomalies, located in northern Manitoba, was found to be caused by uranium mineralization in metamorphosed sedimentary rocks. A block of 17 claims was staked in order to give prospecting protection while investigating it in more detail.

A participation in the follow-up work on airborne electromagnetic survey results covering a favourable area in southeastern Manitoba. The equivalent of 229 claims in 7 blocks was staked to cover 15 untested anomalies. Ground geophysical surveys amounting to 53 line-miles were completed and drilling will be carried out during 1971.

Northern and Western Canada:

A participation in a continuing regional geochemical program in the Canadian Cordillera.

A participation in the helicopter exploration of a 50 square mile area in north-central British Columbia. This program was undertaken to evaluate the nickel potential of a fairly extensive area underlain by ultrabasic intrusive rocks. No significant mineralization was found.

General:

Your Company participated in various prospecting ventures organized by individual prospectors.

GENERAL:

The daily milling rate was maintained at 718 tons per day.

The gradual increase in operating costs due to the increased cost of labour and supplies was augmented this year by increased development costs due to our shaft deepening program. Ore reserves show a modest increase for the year.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

In conclusion my sincere thanks and appreciation are extended to Mr. Stewart Reid, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

GEO. E. PEACOCK,
General Manager.

Balmertown, Ontario,
February 17, 1971.

Campbell Red Lake Mines Limited

Total supplies and services	$2,789,900
Total amount of wages and salaries	1,825,544
Income taxes	1,030,000
Other taxes (Provincial and Municipal)	459,042

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Agincourt	Galt	New Liskeard	St. Boniface
Atikokan	Gananoque	North Bay	St. Catharines
Balmertown	Guelph	North Vancouver	St. Hyacinthe
Belleville	Hagersville	Oakville	St. James
Brantford	Haileybury	Orillia	Sudbury
Burlington	Hamilton	Ottawa	Thornbury
Calgary	Kenora	Owen Sound	Thornhill
Clarkson	Kirkland Lake	Peterborough	Thunder Bay
Don Mills	Kitchener	Red Lake	Toronto
Dorval	Lachine	Rexdale	Vancouver
Downsview	La Salle	Rouyn	Vermilion Bay
Dryden	London	Sarnia	Waterloo
Elliot Lake	Midland	Sault Ste. Marie	Weston
Fort Erie	Montreal	Scarborough	Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
British Columbia	2	4
Manitoba	3	69
Ontario	44	170
Quebec	6	27
Alberta	1	3
United States of America	5	7
	61	280

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